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COUNTRY: Switzerland

25X1A

SUBJECT: Discussion of Swiss Economic Position

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SOURCE

"Translation of an Article Published in the 'Neue Zürcher  
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1. "Although there are great differences in the development of the international business position between the different countries and economies, production and occupation have, generally speaking, slightly recovered in most of the countries. Less business in some branches is balanced by a more favourable position in consumption goods' industries. In Switzerland, the boom has changed during the second quarter into a consumption and quantity boom. Business position in the metal working industries has worsened slightly, but this is evened by an increasing recovery in the textile industry.
2. "The business position stayed stable, owing to the regular consumer's demand. This situation is reflected in the retail-trade turnover statistics, showing an increase in sales by 1.2% (2% per selling day), compared with last year, although prices have generally gone down slightly. During the past 12 months per the end of June (11.7% compared with the year before), the turnover has increased by 2.1% for necessities and luxuries, for textiles by 1.5% and for other goods by 1.3%.
3. "Also house-building is still a strong pillar of our boom position. It is true that less apartments were finished in the 42 towns during the quarter under review (-8.8%) and the first semester of 1953 (-9.7%), in comparison with those finished last year, but this deficit is already smaller than the one of the two preceding quarters (-10.5% and -17.7%) and is due, at least partly, to external causes (weather, strike). More building-permits issued (2nd quarter + 42%, 1st semester + 25.5%) promise a continuance of the lively house-building

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for the near future. Industrial house building too is still very important, although less than in 1950 and 1951.

4. "The continuous good average occupation of the industry (including building-trade) is reflected in the high index level of the occupied workers (1938 = 100) which by the end of the second quarter 1953 is with 138.6 slightly higher than in the previous quarter (136.6). It may be said that this increase is partly seasonal, but in comparison with last year's level (138.8) it is only little weaker. A satisfactory state of occupation is marked by producers with 100, and the index number for the quarter under review shows 124 (120 for the previous quarter and 121 for the same quarter in 1952). The total of overtime work permitted to factories is, for the first half of 1953, by 3.5% higher than for the same lapse of time last year. Overtime by metal industries is not so predominant as last year; it has decreased noticeably, whereas it increased considerably in some industries for consumption goods. The inland consumption of electrical energy was also higher than last year (quarter + 2.6%, semester + 2.4%).
5. "Besides the lively demand for consumer goods and the vivid house-building, the important export is helping to keep our economy on a high level. Our export figures are lying distinctly over last year's values, namely by 11% for the second quarter and 9.3% for the first semester. The quantitative increase is even greater (+ 17 and + 12.5%). On the other hand, import figures are behind last year's both for the quarter and the semester (value by 5 and 11%, quantity by 7 and 10%). This contrary development of export and import caused, with a considerable export surplus in the first and a small import surplus in the second quarter, an active balance of trade for the first semester (+ 34.4 mill SFr, previous year - 480.5 mill SFr). This active balance of trade is contrary to the usual, and for a highly industrial country with a creditor balance normal rule. There are certain signs that this situation will change, as import increased by 8% from the 1st to the 2nd quarter, whereas export only increased by 0.6%, thus reducing the active surplus from 59 mill SFr by the end of the first quarter to the above-mentioned 34 mill SFr by the end of the first semester.
6. "The contribution of foreign visitors trade to the Swiss economy reflects - apart, of course, from influences of season and weather - the general economic situation. The figures of the statistics for the Spring season (March to May) show that the number of visitors is increasing. In hotels and boardinghouses 16.8% more guests were lodged and 10.5% more over night-stays were counted. This increase is caused by more foreign visitors; for Swiss visitors only an increase of lodgings of 1.1% is recorded, whereas for guests from abroad the figure is 23.7%. This increase is obviously, for the main part, due to the easing of the travelling facilities abroad, especially in Germany, Great Britain, etc. German guests marked the biggest increase, approx 50%, and the number of their nights lodgings is 474.000 higher than the one for English (245.000) and French (206.000) visitors together. Contrary to the hotels, the sanatoriums booked slightly less night's lodgings than in Spring 1952 (-3.6%).

7. "The Swiss Federal Railways transported 4.4% more passengers during the quarter under review in comparison with the first quarter, but for the first semester, a decrease of 1.3% is resulting, probably mainly because of the increasing automobile traffic. The tonnage of goods transported by the Swiss Federal Railways continued decreasing (in the first quarter - 8.8%, in the quarter under review 1.2%, in the first semester - 4.9%, in comparison with the previous year). This decrease is mainly in connection with smaller imports, as also the goods traffic on the Rhine river was decreasing (-13.1%, resp - 8.4%, resp 10.6%).
8. "Bad weather during the quarter under review caused considerable damage to the agricultural production. Smaller hay-harvests and cherry crops were the result and for early potatoes, fruit and wine, smaller crops are forecast. For corn and field fruit, medium crops are expected. For slaughtering more beasts were offered than last year and prices, especially for pigs, slumped. During the quarter under review, milk production was 3.4% higher than last year and during the semester 3.1%. The excess milk was manufactured into hard-cheese. At the end of June, the price-index of agricultural products was 2.1 index points below the one of the previous year, despite the price increase in May of milk products, and owing to the slump in slaughtering beasts, whereas the price index for agricultural material for production was lying 1.2 points below last year.
9. "The money market is still fluid - at the end of July, 193 million SFr or 1.4% more money was available at the bank of issue than at the end of April and 389 mill SFr or 6.2% more than a year before - which is in connection with the active Swiss payment balance. The active balance with the members of the European Payment Union amounted to 153 mill SFR in the second quarter and was balanced to one half by a gold and foreign bills' cession and to the other half by a further Federal advance. This advance amounted therefore to 674 mill SFR at the end of June. On the foreign exchange market, offers for USA \$ exceeded demands, keeping the exchange slightly above the lower gold point. The German mark was rising considerably. In order to unify international payment modalities, the multilateral foreign currency arbitration was again taken up for the currencies of 8 EPU-countries. On the capital market, loans for 144 mill SFr and shares for 50 mill SFr were issued, whereas conversions for 91 mill SFr were effected. The rate of interest for short-dated money was invariably low, the average rates for cash-bonds kept sinking, especially at the major banking-houses, and the profit on state's loans has gone down slightly. The bonds' index was rising between the end of April and the end of July from 315 to 324 points totally, whereas the industry-bonds' index stayed practically stable.
10. "The Federal tax revenue totalled 432.2 million SFr in the quarter under review (previous year 525.5) and in the first 6 months of 1953, 825.6 million SFr (918.3). The smaller revenue is mainly due to ~~smaller~~ <sup>smaller</sup> military tax receipts. As a total, consumption tax and customs duties' proceeds were greater than in 1952."

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